

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 11, 2021

1304 El Camino Real Apartments, located at 1304 El Camino Real in Redwood City, requested and is being recommended for a reservation of \$640,847 in annual federal tax credit to finance the new construction of 38 units of housing serving tenants with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by GS HIP 1304 ECR, LP and will be located in Senate District 13 and Assembly District 22.

Project Number CA-21-632

Project Name 1304 El Camino Real Apartments
Site Address: 1304 El Camino Real
 Redwood City, CA 94061 County: San Mateo
Census Tract: 6102.03

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$640,847	\$0
Recommended:	\$640,847	\$0

Applicant Information

Applicant: GS HIP 1304 ECR, LP
Contact: Jonathan Fearn
Address: 450 Sansome, Street, Suite 500
 San Francisco, CA 94111
Phone: 415-527-2869
Email: jonathan.fearn@greystar.com

General Partner(s) or Principal Owner(s): GS HIP 1304 MM Venture, LLC
 National Housing Corporation ("NHC")
 HIP Housing Development Corporation

General Partner Type: Joint Venture

Parent Company(ies): National Housing Corporation ("NHC")
 HIP Housing Development Corporation
 Greystar

Developer: GS HIP 1304 ECR, LP

Bond Issuer: California Municipal Finance Authority

Investor/Consultant: Redstone Equity Partners

Management Agent: Greystar California

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 39
 No. / % of Low Income Units: 38 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax Exempt

Information

Housing Type: Non-Targeted
 Geographic Area: South and West Bay Region
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 15	39%
50% AMI: 15	39%
80% AMI: 8	21%

Unit Mix

30 SRO/Studio Units
8 1-Bedroom Units
1 2-Bedroom Units
<u>39 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
15 SRO/Studio	30%	\$959
15 SRO/Studio	50%	\$1,598
1 1 Bedroom	80%	\$1,777
4 1 Bedroom	80%	\$1,852
1 1 Bedroom	80%	\$2,193
1 1 Bedroom	80%	\$2,193
1 1 Bedroom	80%	\$2,193
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1
Construction Costs	\$10,350,000
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$0
Soft Cost Contingency	\$70,000
Relocation	\$0
Architectural/Engineering	\$0
Const. Interest, Perm. Financing	\$630,753
Legal Fees	\$327,500
Reserves	\$140,000
Other Costs	\$118,990
Developer Fee	\$1,500,000
Commercial Costs	\$0
Total	\$13,137,244

Residential

Construction Cost Per Square Foot:	\$357
Per Unit Cost:	\$336,852
True Cash Per Unit Cost*:	\$336,852

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citi Community Capital	\$6,473,200	Citi Community Capital	\$4,625,000
Land Donation	\$1	Land Donation	\$1
GP Loan	\$2,327,875	GP Loan	\$2,327,875
Accrued Interest on GP Loan	\$100,000	Accrued Interest on GP Loan	\$100,000
NOI During Construction	\$160,000	NOI During Construction	\$160,000
Solar Tax Credit Equity	\$28,579	Solar Tax Credit Equity	\$28,579
Tax Credit Equity	\$4,047,589	Tax Credit Equity	\$5,895,789
		TOTAL	\$13,137,244

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$12,429,732
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$16,158,652
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$640,847
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,500,000
Investor/Consultant:	Redstone Equity Partners
Federal Tax Credit Factor:	\$0.92000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.